

**ROBERTA CROSS GUNS**

Office of the Commissioner of Securities and Insurance

Montana State Auditor (CSI)

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Attorney for CSI

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
OFFICE OF THE STATE AUDITOR  
STATE OF MONTANA

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IN THE MATTER OF:	)	CASE NO. INS-2010-251
	)	
JANELLE JANGULA	)	NOTICE OF PROPOSED AGENCY
in her capacity as a licensed insurance	)	DISCIPLINARY ACTION
producer, License #964614	)	AND OPPORTUNITY FOR HEARING
	)	
	)	
Respondent.	)	

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Staff of the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101, et seq., (Insurance Code) are proposing to the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) that she take specific action against licensed insurance producer JANELLE JANGULA (Jangula) for violations of the Insurance Code. The Commissioner has authority to take such action under the provisions of Mont. Code Ann. §§ 33-1-102, 33-1-301, 33-1-311, 33-1-315, 33-1-317, 33-1-318, 33-1-1202, 33-1-1211, 33-17-1001(1)(c), (f), and (g), 33-18-203, and 33-19-306(1).

In particular, the CSI recommends specific action against Respondent, including imposition of appropriate fines, order to pay restitution and suspension or revocation of Jangula's producer license.

Service of process is pursuant to Mont. Code Ann. § 33-1-314.

### **REASONS FOR ACTION**

There is probable cause to believe that the following facts, if true, justify and support such specific action. Furthermore, there is reason to believe that the following facts will be proven true and, therefore, justify and support immediate issuance of an order requiring Respondent to cease and desist her activities in violation of the Insurance Code.

### **ALLEGATIONS OF FACT**

1. Jangula is a licensed insurance producer, license number 964614. Jangula affiliated with the Collins Advantage Agency on or about August 4, 2009. Jangula was appointed with Allstate Insurance Company (Allstate) from November 2004 until August 2009.

2. On or about December 28, 2009, the CSI received a complaint alleging Jangula engaged in twisting, impersonation of consumers, and illegal use of individual consumers' privileged information. The CSI investigated the complaint relying on standard investigation methods. After investigating the twisting complaint, it became apparent there was a lack of documentary evidence to support the claim.

3. In the complaint to the CSI, licensed insurance producer Julie Daum (Daum) alleged Jangula illegally printed and hand-copied lists of Allstate confidential consumer information for consumers who were not Jangula's customers. Daum was appointed with Allstate at the time of the complaint and continues her appointment to date. Daum alleged Jangula then provided the illegally obtained information to licensed insurance producer and

owner of Collins Advantage Agency, Jenny Collins (J. Collins). J. Collins admitted to the CSI that Jangula provided J. Collins with information for hundreds of potential customers obtained by Jangula illegally printing and hand-copying the information.

4. J. Collins asserted to the CSI that she knew customers who would approve of Jangula providing their information to J. Collins. However, a stack of prepared disclaimers were found on top of a file cabinet. Some of the prepared disclaimers were found in customer files, some signed, some not signed. Additionally, some of Allstate's proprietary documentation was found in some files that was not likely provided by the customer, but more likely provided by Jangula after she illegally printed and/or copied the information. These proprietary documents cannot be accessed by the customer or by an agent not appointed with Allstate.

5. The CSI spoke with a consumer identified herein as S.W. S.W. told the CSI S.W. was a customer of Collins Agency, but also had Allstate policies with Daum. S.W. chose to cancel a business policy in or near August of 2009 and called the Collins Agency to do so. J. Collins spoke with S.W. and suggested she provide S.W. with quotes for S.W.'s other policies. S.W. agreed and was transferred to speak with Jangula. Because the quotes provided by Jangula were less expensive than the Allstate policies, S.W. opted to cancel the Allstate policies and move S.W.'s business to the Collins Agency. Jangula offered to call Daum and cancel the policies for S.W. However, Jangula called an agent in Bozeman, impersonating S.W., to cancel the policies. Not all of the cancellations occurred and Daum was contacted by Allstate indicating S.W. had complained about Daum. Daum then contacted S.W. who admitted S.W. believed Jangula had done the cancellations. Jangula admitted to the CSI she had impersonated S.W. when Jangula contacted Allstate.

6. The Collins Agency is appointed with Great Northwest Insurance Company (Great Northwest). Great Northwest informed the CSI it allows its producers to underwrite policies so long as the producer has been trained and adheres to its policies and procedures. When underwriting private autos, those Great Northwest policies underwritten by producers require, *inter alia*, the following information: Vehicle Identification Numbers, a completed ACORD<sup>1</sup> application, uninsured motorist forms, a CLUE<sup>2</sup> report, numbers of accidents<sup>3</sup>, MVR<sup>4</sup> details, and other relevant information. Great Northwest indicated the Collins Agency had underwritten a total of 110 home and auto policies.

7. Jangula approached an insurance consumer, identified herein as T.S., indicating to T.S. that Jangula could obtain a better rate of insurance premium than the one T.S. was paying. T.S. indicated a previous accident precluded any move to another insurer at the time. Jangula told T.S. she could "get around that."

8. The CSI conducted a review of 13 randomly selected auto customer files insured by Great Northwest. None of the files contained the required MVR details, CLUE reports, or credit reports and none of the applications were complete.

9. The CSI requested Great Northwest conduct a review of individual auto customer files at the Collins Agency based on the reported exchange between Jangula and T.S. Great Northwest found nine files with significant disparities between the information submitted to the company, which is the same information contained in the customer files at the Collins Agency, and the facts regarding the applicant. Great Northwest's analysis and review also showed these

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<sup>1</sup> Agent-Company Organization for Research and Development created forms for basic insurance applications.

<sup>2</sup> Comprehensive Loss Underwriting Exchange is a report of the insurance claims and loss history of a property.

<sup>3</sup> Households are limited to one accident in order for the producer to be able to underwrite.

<sup>4</sup> MVR is a Motor Vehicle Report that typically indicates the driving record for an individual, including any citations involving driving.

nine customers had paid significantly less for premiums as a result of the omission of these relevant facts: seven of the nine had speeding violations, two had failure to yield violations, and one of the seven speeding violations was for interstate speed exceeding 75 mph. The premium differential ranged from \$56.00 to \$221.00.

10. J. Collins told the CSI Jangula completed the majority of the applications for these Great Northwest auto customers. However, the CSI's review found the majority of the applications had no producer signature, five applications were signed by J. Collins as the producer, and two were signed by Jangula.

11. Sometime in April 2011, attorneys for the Respondents alerted the CSI there had been a theft of premium by Jangula. Jangula was terminated and a report was made to local law enforcement. J. Collins was allowed to perform an audit of the trust account(s) for the Collins Agency to determine whether any customers had been harmed. Her audit report was delivered to the CSI on August 24, 2011. Numerous discrepancies were found and funds were placed in the account in excess of \$7,000 to rectify some of the accounting deficits.

### **CONCLUSIONS OF LAW**

1. The Commissioner has jurisdiction over this matter pursuant to Mont. Code Ann. § 33-1-101, et seq.

2. Pursuant to Mont. Code Ann. § 33-1-1202(3), a person commits the act of insurance fraud when the person presents an insurer a materially false application for insurance.

3. Respondent Jangula violated Mont. Code Ann. § 33-1-1202(3) by submitting applications to Great Northwest that contained false information relevant to MVRs or other driving histories for the purpose of obtaining the benefit of commissions when customers moved their business to Great Northwest.

4. Pursuant to Mont. Code Ann. § 33-19-306(1), it is unlawful for a licensee to disclose personal or privileged information about an individual collected or received in connection with an insurance transaction.

5. Respondent Jangula violated Mont. Code Ann. § 33-19-306(1), by printing, hand copying, and sharing of personal and privileged information about individual Allstate customers.

6. Pursuant to Mont. Code Ann. § 33-17-1001(1)(c), the Commissioner may suspend or revoke an insurance producer's license when that person violates a provision of the Insurance Code.

7. Respondent Jangula violated Mont. Code Ann. § 33-17-1001(1)(c) when she engaged in acts constituting insurance fraud in violation of the Insurance Code and when she disclosed personal and privileged information about individuals collected in connection with an insurance transaction in violation of the Insurance Code.

8. Pursuant to Mont. Code Ann. § 33-17-1001(1)(f), the Commissioner may suspend or revoke an insurance producer's license when that person, in conduct of the affairs under her license, uses fraudulent practices or is untrustworthy or a source of loss and injury to the public.

9. Respondent Jangula violated Mont. Code Ann. § 33-17-1001(1)(f) when she, in the conduct of the affairs under her license, acted with fraud in underwriting the Great Northwest policies that had relevant facts omitted in the applications.

10. Respondent Jangula violated Mont. Code Ann. § 33-17-1001(1)(f), when she, in the conduct of the affairs under her license, impersonated S.W. for the alleged purpose of cancelling S.W.'s insurance policies and further impersonated S.W. to indicate S.W. had a complaint against Daum.

11. Respondent Jangula violated Mont. Code Ann. § 33-17-1001(1)(f) when she, in the conduct of the affairs under her license, illegally took premium funds from the Collins Advantage Agency's trust account or failed to properly place them in the account.

12. Pursuant to Mont. Code Ann. § 33-17-1001(1)(g) the Commissioner may suspend or revoke an insurance producer's license when that person misrepresents the terms of an actual or proposed insurance contract or application for insurance.

13. Respondent Jangula violated Mont. Code Ann. § 33-17-1001(1)(g) when she misrepresented to insurance consumers the actual terms of the Great Northwest auto policies.

### **PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Montana insurance consumers to:

1. immediately issue a cease and desist order barring Respondent from further violations of the Montana Insurance Code;
2. order Respondent to pay an administrative fine in an amount and upon such terms and conditions as supported by the evidence and determined at a hearing of this matter;
3. order Respondent to pay restitution in an amount and upon such terms and conditions as supported by the evidence and determined at a hearing of this matter;
4. suspend or revoke Respondent's insurance producer license; and
5. take such other actions which may be in the public interest and necessary and appropriate for the protection of Montana insurance consumers.

### **RELIEF REQUESTED**

WHEREFORE, the CSI seeks the following relief:

1. pursuant to Mont. Code Ann. § 33-1-318, issuance of a temporary cease and desist order;
2. pursuant to Mont. Code Ann. §§ 33-1-317 and 33-1-1211, imposition of a fine not to exceed \$5,000 for each violation of the Insurance Code committed by Respondent Jangula;
3. pursuant to Mont. Code Ann. § 33-1-1211(3), require restitution be paid to the insurer for the amounts obtained by insurance fraud;
4. pursuant to Mont. Code Ann. §§ 33-1-317 and 33-17-1001, imposition of a fine not to exceed \$5,000 for each violation of the Insurance Code committed by Respondent;
5. pursuant to Mont. Code Ann. § 33-17-1001, imposition of a suspension or revocation of Respondent's insurance producer license;
6. a finding that all sanctions and remedies detailed and described here are in the public interest and necessary for the protection of Montana insurance consumers; and
7. any further action as deemed just and appropriate for the protection of Montana insurance consumers.

### **STATEMENT OF RIGHTS**

You are entitled to a hearing to respond to this notice, and present evidence and arguments on all issues involved in this case. You have a right to be represented by an attorney at any and all stages of this proceeding. You may demand a formal hearing before a hearing examiner appointed by the Commissioner pursuant to the Montana Administrative Procedure Act, Mont. Code Ann. § 2-4-601, et seq., including § 2-4-631. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing.

If you want to contest the proposed action under the jurisdiction of the Commissioner, you must advise the Commissioner within 20 days of the date you receive this notice. You must



advise the Commissioner of your intent to contest the proposed action by writing to Roberta Cross Guns, State Auditor's Office, 840 Helena Avenue, Helena, Montana 59601. Your letter must clearly indicate whether you demand a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for disposition of this case. Pursuant to Mont. Code Ann. § 2-4-603(2), you may not request to proceed informally if the action could result in suspension, revocation, or any other adverse action against a professional license. Should you request a hearing on the matters raised in this Notice, a hearing must be held within 45 days of the request, unless postponed by mutual consent of the parties, pursuant to Mont. Code Ann. § 33-1-701(2).

Should you request a hearing, you have the right to be accompanied, represented, and advised by counsel. If the counsel you choose has not been admitted to practice law in the state of Montana, said legal counsel must comply with the requirements of *Application of American Smelting and Refining Co.*, 164 Mont. 139, 520 P.2d 103 (1973), and *Montana Supreme Court Comm'n on the Unauthorized Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200.

#### **CONTACT WITH INSURANCE COMMISSIONER'S OFFICE**


If you have questions or wish to discuss this matter, please contact Roberta Cross Guns, legal counsel for the CSI, at 840 Helena Avenue, Helena, MT, 59601, (406) 444-2040 or, within Montana, (800) 332-6148. If an attorney represents you, please make any contacts with this office through your attorney.

#### **POSSIBILITY OF DEFAULT**

Failure to give notice or to advise of your demand for a hearing or informal procedure within 20 days will result in the entry of a default order imposing the disciplinary sanctions

against you and your license without further notice to you, pursuant to Mont. Admin. R. 6.2.101, and the Attorney General's Model Rule 10, Mont. Admin. R. 1.3.214.

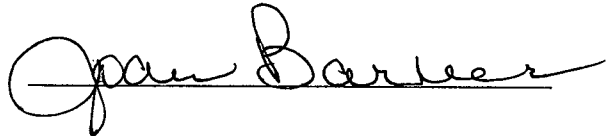
DATED this 15<sup>th</sup> day of September, 2011.

  
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**ROBERTA CROSS GUNS**  
Attorney for CSI

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the 16th day of September, 2011, by US mail, certified, first-class postage paid, to the following:

Ms. Janelle Jangula  
2603 Yale  
Butte, MT 59701

  
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